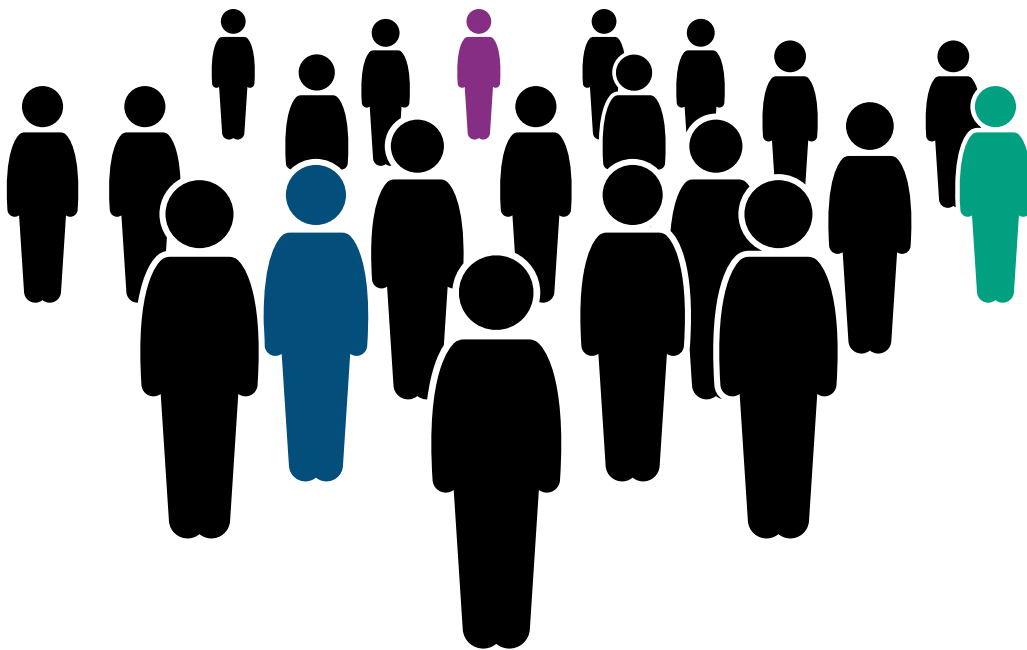


# Vulnerability: The inconsistency problem



October 2023

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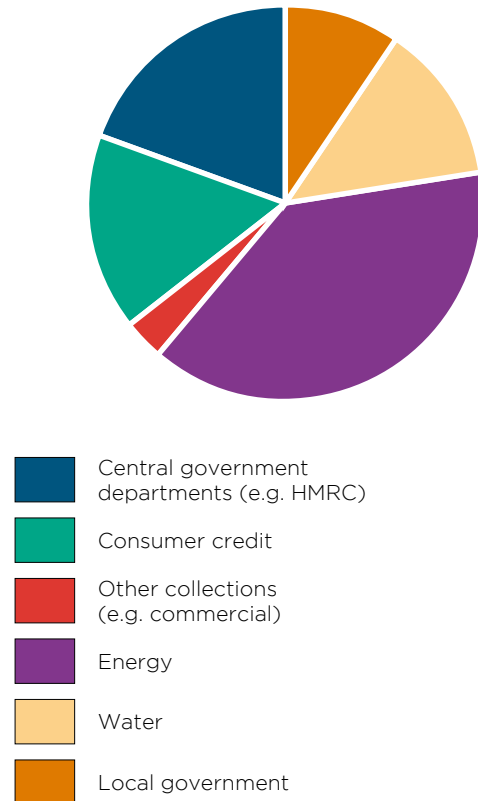
## Introduction

Since the early days of its Code of Practice, the Credit Services Association (CSA) has been encouraging its members to give appropriate consideration to the circumstances of their customers, even if the language back then hadn't quite settled on the concept of 'vulnerability'. In the years that have followed, the debt collection and debt purchase industry's understanding of vulnerability and the ways in which it supports those who find themselves in vulnerable circumstances have progressed significantly.

At the same time, other sectors that CSA members work with have moved at very different paces in terms of their understanding and treatment of vulnerability, which has meant that in some circumstances, a vulnerable customer could receive different treatment purely based on the type of debt that is being recovered.

As much as the CSA Code of Practice and regulation by the Financial Conduct Authority (FCA) have helped to move things forward in the collections world, there is a perception that non-financial services (non-FS) creditor sectors have been a lot further behind in their expected treatment of vulnerable customers<sup>1</sup>. In fact, when we polled a group of CSA members about the sectors that they felt had the most work to do in terms of vulnerability, it was not surprising to see that public sector or utilities accounted for those considered furthest behind.

### Which of the following sectors do you believe has the most to do in terms of the treatment of vulnerable customers?



**Fig 1:** Source: Virtual Members' Meeting, July 2023

<sup>1</sup> E.g. [Council tax after Covid report | Money Advice Trust](#) and [Supporting vulnerable energy customers through the energy crisis - National Energy Action \(NEA\)](#)

Promisingly, there have been some notable developments in recent years, particularly in the last 12 months, in some of the major non-FS sectors which it is hoped will better align the treatment of vulnerable customers. For example, a renewed focus across regulators and government on how vulnerable customers are treated and supported, driven in part by concerns about the rising cost-of-living and increased media attention on collection and enforcement practices, has seen several recent regulatory consultations aimed at improving standards in some non-FS sectors. In the financial services sector, the FCA's Consumer Duty is expected to further drive up standards across the entire sector.

For all the progress the collections sector has made over the decades, many collection agencies still find that they are often searching for an approach to vulnerability that strikes an appropriate and compliant balance between the expectations of clients and the expectations of organisations like the CSA and FCA. Some clients will, not unreasonably, argue that they are not subject to the requirements of such bodies and are thus not affected by the differing standards demanded elsewhere.

There is an understanding in the collections world that accessing collections firms' specialist skills and expertise in recovery is not the sole reason creditors outsource their collections activity, and one of those other reasons is, in effect, to transfer some of the reputational risk that comes with seeking repayment from customers. It is therefore critical that collections firms are able to deliver consistently fair and appropriate treatment and support to all customers, even more so with the FCA making clear<sup>2</sup> that it is looking further and further beyond its perimeter at the actions of authorised firms. However, pushing clients to adopt equivalent standards demands more leverage than usually exists in client-collection agency or debt seller-debt buyer relationships, so this is an on-going challenge for CSA members.

While we believe it is imperative that more is done by the relevant authorities to better align the treatment of vulnerable customers across sectors, we wanted to use this paper to explore some of the factors that contribute to the perceived gulf in standards. And where there are gaps, we want to consider what the CSA can do to better understand both why they exist, and how the CSA can work with members, their clients, and other relevant stakeholders to bridge those gaps, where possible.

## Drivers of inconsistency

It makes sense to begin by considering some of the factors that can make it more challenging for firms to ensure that a vulnerable customer's experience of debt collection is consistent, no matter the debt type.

These are by no means the only factors contributing to inconsistent approaches, but they are undoubtedly factors that have played, or continue to play, a significant role in determining how vulnerable customers have been or can expect to be treated.

### Defining and understanding vulnerability

As already noted, industry thinking around vulnerability has continued to develop over the years. While there has long been a general acknowledgement that vulnerability can vary in nature, duration and impact, the years have nevertheless seen several attempts to pin down an all-encompassing definition of vulnerability which would put everyone on the same page. These definitions may vary from regulator to regulator, or stakeholder to stakeholder, but each definition has evolved over time and now routinely uses language that accommodates the inherent fluidity of vulnerability, affording firms the flexibility necessary to take an almost case-by-case approach to vulnerable

customers.

In the vast majority of sectors, it is now well understood that vulnerability is transient and can vary in both its nature and its impact. With that variation becoming more clearly embedded in sectoral definitions, firms will be better positioned to tailor their responses to any given vulnerability, taking into account the precise effect of that vulnerability on the individual. Regulators have begun to focus their attention more on the **diversity** of vulnerability, the **ways in which firms identify** potential vulnerability, and **how firms assess the potential implications** for a customer. Comments by the FCA in its guidance on the fair treatment of vulnerable customers illustrate this change in focus, where the FCA draws attention to the idea of vulnerability as a spectrum and encourages firms to think in terms of drivers of characteristics of vulnerability:

*"Firms should think about vulnerability as a spectrum of risk. All customers are at risk of becoming vulnerable and this risk is increased by characteristics of vulnerability related to 4 key drivers – health; life events; resilience; capability."*

In its recent vulnerability guidance consultation , the water sector regulator, Ofwat, consults on taking this sentiment a step further and moving away from terminology like 'vulnerability' and towards the concept of 'customers who need extra help'.

No matter the definition used, an element of inconsistency will be inherently unavoidable, given that a large part of identifying vulnerability relies on individuals contemplating whether and where a customer might sit on the spectrum of vulnerability, and human beings are notoriously inconsistent. Nevertheless, the move toward better understanding vulnerability rather than attempting to further narrow down its definition should lead us closer to a more consistent cross-sector approach, where parties focus on the actual vulnerability and its implications for the customer.



## Recording vulnerability information

Changes to data protection law have made it somewhat more challenging to record the specifics of certain vulnerabilities where it might involve processing special categories of personal data (e.g. health-related information).

The simplest approach in the collections sector is for firms to seek explicit consent to process this kind of information, so there is perhaps an element of consistency in how the industry approaches this.

Of course, in practice, obtaining explicit consent is not always viable – opportunities to obtain consent from a customer may not always be available (e.g. customers that are disengaged but have made an isolated effort to communicate a specific medical issue to the firm), or customers may refuse consent regardless of its impact on the firm's ability to accommodate the stated vulnerability. UK data protection law does present firms with an additional approach to consider – 'safeguarding economic wellbeing' is established in law as a possible public interest lawful basis for processing special category personal data like health information. But this approach comes with its own nuances for firms to understand and, notably, it introduces potential complexity for frontline staff, who would most likely be expected to

determine whether it was a viable lawful basis in the circumstances. The Money Advice Liaison Group (MALG) and Money Advice Trust (MAT) did explore this in more detail in its guidance on processing special category personal data<sup>4</sup>, setting out a way that it envisions the lawful basis potentially being used.

Challenges around recording vulnerability information mean that firms might choose to take different approaches, weighing up the pros and cons of a particular approach. Some may adopt a process that avoids recording any specifics; some may seek consent / explicit consent from the individual, where appropriate; and some may implement the MAT / MALG approach. Firms will understandably adopt the approach that they consider most appropriate for their organisation, but differences in something as simple as the gathering and recording of vulnerability information makes it more challenging for customers to know what to expect when they interact with different organisations.

## Disparities in vulnerability expectations

One of the most significant drivers of inconsistency is the different expectations and requirements placed - or not placed - on creditors. It is not all that surprising to find that expectations and requirements relating to vulnerability differ across sectors, as each sector will have its own unique considerations.

While more cross-sector alignment in the ways in which vulnerable customers are treated is desirable in many areas, it is critical that any alignment work is not limited just to identifying where the differences are, but also contemplates the nature and basis of that difference, particularly whether the difference is simply a matter of a sector having adopted a conflicting approach to other sectors or whether the conflicting approach exists because of a particular nuance in that sector.

As it stands, the disparities that do exist, whether they have a sound basis or not, are clearly a significant factor in vulnerable customers experiencing inconsistent treatment. We briefly explore some illustrative examples below but we would like to hear from interested parties about other similar differences - for further details, see the concluding section of this paper.

- *Asking for evidence:* Whether vulnerability is proactively identified by the firm or self-identified by the customer, there is a question mark around what is expected and what is permissible when it comes to requesting evidence to verify the legitimacy of a vulnerability, and there can be variances around expectations.

Self-identification is a useful aspect of the vulnerability identification landscape, but it has its downsides. There are reasonable concerns that reliance solely on self-identification is open to exploitation as a tactic for delay or evasion. And concerns about self-identification are not limited to firms; as an approach to identifying vulnerability, it places an onus on the individual to intentionally and relatively openly identify themselves as vulnerable and thus risks excluding those individuals who may be vulnerable, but are reluctant to identify themselves as such.

It is not surprising, then, that much more focus has been placed over the years on proactive identification of vulnerability by firms, particularly with the development of different protocols designed to help frontline staff gather the information they need. But while those protocols provide useful direction, commentary and guidance on the subject can vary considerably and the actual expectations applicable to a firm

when it comes to establishing customers' vulnerabilities are unclear, particularly in terms of seeking evidence.

For example, the CSA does not prohibit its members from making requests for evidence nor does it set out conditions under which evidence should or should not be requested, but it has produced guidance<sup>5</sup> advising CSA members that individuals should not be expected to pay for the provision of evidence of a medical or health-related issue. The University of Bristol's Personal Finance Research Centre recommends in its '21 questions, 21 steps'<sup>6</sup> publication that requests for further evidence occur in circumstances where information has been gathered from the customer but unanswered questions remain or the situation is sufficiently complex to warrant further exploration.

Generally, there is an acknowledgement that determining whether or not to request supporting evidence will often depend on factors such as the nature of the vulnerability, the sector in question, and the status of the account, but in the absence of a single set of requirements, firms' approaches will vary and customers may find themselves asked by a firm for evidence of the same vulnerability that was simply accepted via self-disclosure by another firm.

- *Enforcement of standards:* While several regulators have taken steps to set out how they expect their regulated population to act in relation to vulnerability, it is arguably only financial services where firms have been subject to meaningful consequences for failure to act appropriately when dealing with vulnerable customers, whether that has been regulatory action, or even simply investigation of complaints by the Financial Ombudsman Service (FOS), which brings with it the associated fees and potential redress requirements.

It is worth noting that we are now beginning to see a stronger stance from the utilities regulators, Ofgem and Ofwat, which is likely a consequence of the media attention in the last 12-18 months on the increasing cost of living, as well as some of the public scrutiny of energy industry measures adopted to recover amounts due, such as the installation of pre-payment meters.

Outside of financial services and utilities, however, there appear to be limited examples of creditors being held to account for failing to deliver the expected treatment of vulnerable customers. It is fair to ask what consequences exist, for instance, for the public sector, if there are failures to treat vulnerable customers fairly. While individual members of

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<sup>7</sup> [Best practice standards for SMEs | The LSB \(lendingstandardsboard.org.uk\)](#)

<sup>8</sup> [Non-domestic market review: Findings and Policy consultation | Ofgem](#)

the public have rights to appeal to various ombudsmen or their elected representatives, the rights of vulnerable people are not especially well-codified when it comes to many public services. An absence of consequence means there is little impetus to improve standards. And for those collection agencies that work across multiple sectors, or that subscribe to the CSA Code of Practice, it limits their ability to challenge clients whose approach to vulnerable customers does not align with regulatory or best practice expectations elsewhere.

- *Commercial debt and vulnerability:* The scope of vulnerability rules and guidance is generally considered to be focused on individual consumers, but an area that remains unclear is its application in a more commercial setting.

The Lending Standards Board's (LSB) Standards of Lending Practice for business customers<sup>7</sup> adopts a very broad scope to vulnerability considerations, making no distinction between treatment of a limited company and sole traders / partnerships: *"These Standards can be applied to a sole trader, partnership or to an individual within a limited company."*

- The LSB does, of course, provide additional nuance around how the individual's vulnerability will impact the situation and the Standards also note that references to an individual denote a person who "is able to exert significant control" over the way in which the business is run - but the scope of its vulnerability expectations is, nevertheless, considerably wide.

In the energy sector, vulnerability expectations and support are targeted predominantly at just domestic customers, with non-domestic customers having limited, if any, access to the same kind of vulnerability support; something echoed in a recent Ofgem review of the non-domestic market<sup>8</sup>. Ofgem's scope of vulnerability in a commercial context appears to be far narrower than that set out by the LSB, and there are likely to be similar distinctions in other sectors.

<sup>7</sup> [CSA Code of Practice - supplementary guidance on requesting medical evidence - Credit Services Association \(csa-uk.com\)](#)

<sup>8</sup> [Vulnerability: a guide for debt collection: 21 questions, 21 steps — University of Bristol](#)

## Working toward consistency

As understanding of vulnerability has developed, there have been different measures taken and ideas explored by a range of stakeholders in an effort to address gaps in the treatment of vulnerable customers. Looking a little more closely at the benefits and pitfalls of some these efforts can help us to understand the challenges that need to be overcome, how those challenges can potentially be tackled, and have a clearer idea of approaches that might not be effective or viable.

### Consumer engagement protocols

Arguably one of the most significant developments in creating a degree of consistency for customers in their interactions with firms has been the creation and adoption by industry and stakeholders of various protocols designed to support frontline staff in providing appropriate support to customers in different situations and gathering the necessary information to help them do so. These protocols are explored in considerable detail in the University of Bristol's Personal Finance Research Centre's paper, *Vulnerability: a guide for debt collection: 21 Questions, 21 Steps*<sup>9</sup>. Wiser Adviser also provides a useful overview of several consumer engagement protocols<sup>10</sup>.

One of the most commonly used of these protocols is the *TEXAS protocol*, which assists agents in gathering information from customers about their circumstances, especially any health matters. The TEXAS acronym gives frontline agents a set of clear steps to keep in mind during their interaction with the customer, without limiting their ability to have a genuine conversation with the customer. Other widely-used protocols include *BRUCE* (helping to identify and support customers who may have difficulty with decision-making or may have mental capacity limitations); *BLAKE* (aims to help staff when speaking with a customer who is contemplating suicide); and *CARERS* (handling disclosures from carers and third parties).

These provide simple and memorable steps that enable agents to engage with customers or their representatives, and to identify and respond to any vulnerabilities. Of course, firms are under no obligation to introduce these or any other equivalent protocols into their business. Nevertheless, they have been, and continue to be, a vital part of the move toward delivering consistent treatment to vulnerable customers and the more broadly that they are adopted voluntarily, the more consistent the experience of customers may be.

<sup>9</sup> [Vulnerability: a guide for debt collection: 21 questions, 21 steps – University of Bristol](#)

<sup>10</sup> [Tools - Double Side Print.pdf \(wiseradviser.org\)](#)

## Debt Respite Scheme Regulations

In 2020, the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) Regulations 2020<sup>11</sup> were introduced in England and Wales, providing individuals with statutory entitlement to a period of breathing space, as well as indefinite breathing space for those facing a mental health crisis.

Prior to the Regulations, access to breathing space was dependent on whether firms were required elsewhere to provide it (e.g. CSA Code of Practice) or on the voluntary provision by firms. So, while the necessity of the Regulations might be questioned by some sectors where breathing space was routinely afforded to individuals in financial difficulties, the introduction of the Regulations was a small step toward creating a measure of consistency for customers, ensuring that there is a minimum standard forbearance option available to the vast majority of those in debt. That said, the Regulations might have been more significant in achieving consistency if they did not exclude a number of public sector debts from the scheme.

## Registers of vulnerability

Discussion around how the burden of reporting vulnerability can be reduced for consumers has been a perennial part of industry discourse

over the years, and it often circles around to the idea of a centralised source where the information could be easily accessed and recorded – but those conversations also circle around to many of the same familiar hurdles inherent in any such tool (data protection and information security; management responsibility; oversight)

The energy and water sectors have a version of this concept – Priority Service Registers – where customers can be readily identified as requiring additional support and this information can be shared among other suppliers. In the energy sector, maintaining a priority service register<sup>12</sup> is a requirement of suppliers' licence conditions. In the water sector, there is no such licence condition, but Ofwat does encourage the use of such registers<sup>13</sup>, as well as the sharing of information between suppliers to reduce the notification burden on consumers.

Of course, managing this kind of register is somewhat more straightforward in sectors where individuals are likely to only be using a single supplier at any given time, rather than multiple suppliers simultaneously, as could be the case in, for example, financial services. Recording, managing and sharing vulnerability information across multiple sectors and organisations is a far more complex challenge.

<sup>11</sup> [The Debt Respite Scheme \(Breathing Space Moratorium and Mental Health Crisis Moratorium\) \(England and Wales\) Regulations 2020 \(legislation.gov.uk\)](#)

<sup>12</sup> [The PSR - The Priority Services Register \(PSR\) is a free UK wide service which provides extra advice and support, including when there's an interruption to your electricity or gas supply - PSR](#)

<sup>13</sup> [Priority Services - Ofwat](#)

This is just one of the challenges presented by centralising vulnerability information into a single source. The frequent sensitivity of vulnerability information means there are also reasonable concerns about the implications for data protection. There are also valid questions around how vulnerability would be documented and the degree to which it could genuinely be understood from an information register, in particular the nature and impact of a particular vulnerability, which firms are likely to be much more comfortable assessing themselves, especially where certain vulnerabilities might have a far more significant impact in a particular sector. For example, it would be especially crucial that an energy supplier was aware of an individual's ongoing reliance on electronic medical equipment. While other creditors may not necessarily need this level of detail about an individual's vulnerability, the potential repercussions of a loss of electricity mean it would be paramount that their energy supplier had this detail. None of this is to say that centralising vulnerability information is a bad idea, only that it comes with challenges that do not presently have obvious solutions. With that in mind, we think there is clear value in the government and relevant authorities carrying out research into solutions that could reduce the reporting burden for consumers, including but not limited to centralisation of information.

## UKRN intervention

A notable development in the course of preparing this paper was the publication of a letter<sup>14</sup> in June by a group of members of the UK Regulators Network (UKRN). The letter, in response to the rising cost of living, called for certain cross-sector minimum standards in the treatment of customers struggling with increasing costs.

The four UKRN signatories (the FCA, Ofgem, Ofwat and Ofcom) used the letter to set out some high-level expectations of firms in each of their respective regulated sectors (financial services, energy, water and communications). Those expectations include proactively raising awareness of support available to consumers, tailoring support to customers' circumstances and recognising that vulnerable customers may need additional support.

The letter is a good example of what cross-sector collaboration can do for establishing minimum standards, but it only provides an initial dialogue about the need for consistency within those regulated sectors. Customers with council tax debts, or parking charge notices, or rent arrears cannot necessarily expect to receive the same treatment. The UKRN has an opportunity to build on its collaborative work in this letter and drive up standards in the treatment of vulnerable customers more widely.

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<sup>14</sup> [joint-CEO-letter-publication\\_280623.pdf \(ukrn.org.uk\)](#)

## Options for alignment

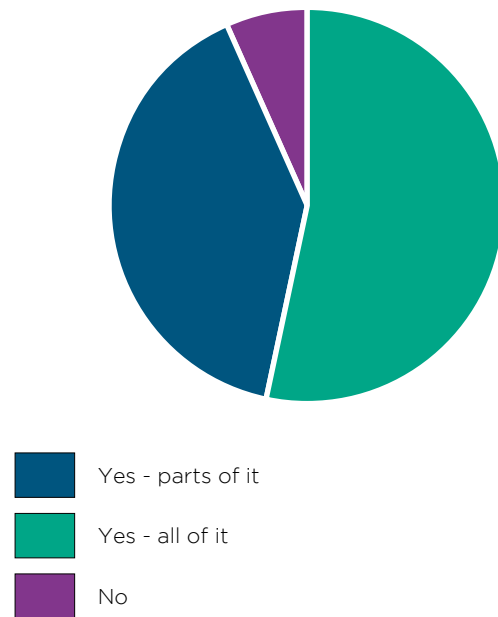
This brings us to the question of what are the options for progressing the treatment of vulnerable customers, both in the sense of exploring where alignment is possible and appropriate across sectors but also in maintaining a focus on enhancing the experience of vulnerable customers.

### Overarching rules and requirements

In an ideal world, there would be a single set of requirements applicable to the treatment of vulnerable customers, regardless of the type of debt involved. Notably, when we polled a group of members about whether they would like to see the FCA's guide on the fair treatment of vulnerable customers adopted more widely, an overwhelming majority was in favour of seeing the guidance, or at the very least parts of it, applicable in other sectors.

However, in the real world, it is simply not a viable option to create rules and requirements that would be capable of meaningfully covering all types of debt, while also accommodating relevant nuances and necessary differences across all sectors. Particularly as it is also unclear who could even police such a set of requirements.

**Would you want to see the FCA's guide for the fair treatment of vulnerable customers applied more broadly across other sectors?**



**Fig 2:** Source: Virtual Members' Meeting, July 2023

## Agreed expectations of good practice

Acknowledging that a single set of rules and requirements is unlikely to be feasible, or even desirable for some sectors, the most appropriate solution is perhaps for relevant authorities to set expectations around agreed areas of good practice within their relevant jurisdictions. On this point, recent publications from the utility and financial services regulators do hint at some common areas / key expectations of good practice being identified, such as:

- Putting in place vulnerability policies and procedures, and establishing vulnerability strategies
- Gathering and using appropriate data to proactively identify potential or actual support needs and vulnerabilities
- Tailoring communications and support to customers' needs and circumstances
- Responding to customer difficulties more effectively and quickly
- Communicating clear and relevant information to customers about support options - both from the firm and available externally

Those sectors that are yet to take the leap to establishing their own expectations around vulnerability might find the CSA's Code of Practice or the FCA's guide on the fair treatment of vulnerable customers

useful reference points for minimum standards.

## Tackling poor practice and non-compliance

Accountability and consequences for failing to provide appropriate treatment and support to a vulnerable customer are a critical driver in attitudes and approaches toward vulnerability. Sectors will always have well-intentioned outlier firms that are motivated to support vulnerable customers and go above and beyond, but it is often the case that a relevant authority, or another interested stakeholder like a trade body, needs to push other parts of a given sector in the right direction while also being clear that there will be consequences for a failure to do so.

With that in mind, setting expectations for good practice is not enough in itself and must be backed by credible monitoring and regulation (where possible). For example, the utility sectors have taken positive steps in setting standards that should bring about better treatment of vulnerable customers, but it remains to be seen how the authorities will follow through on these changes and demonstrate that those expectations are being taken seriously.

Where we see minimum standards meaningfully supported by their respective regulators, we would hope to see more consistency in how

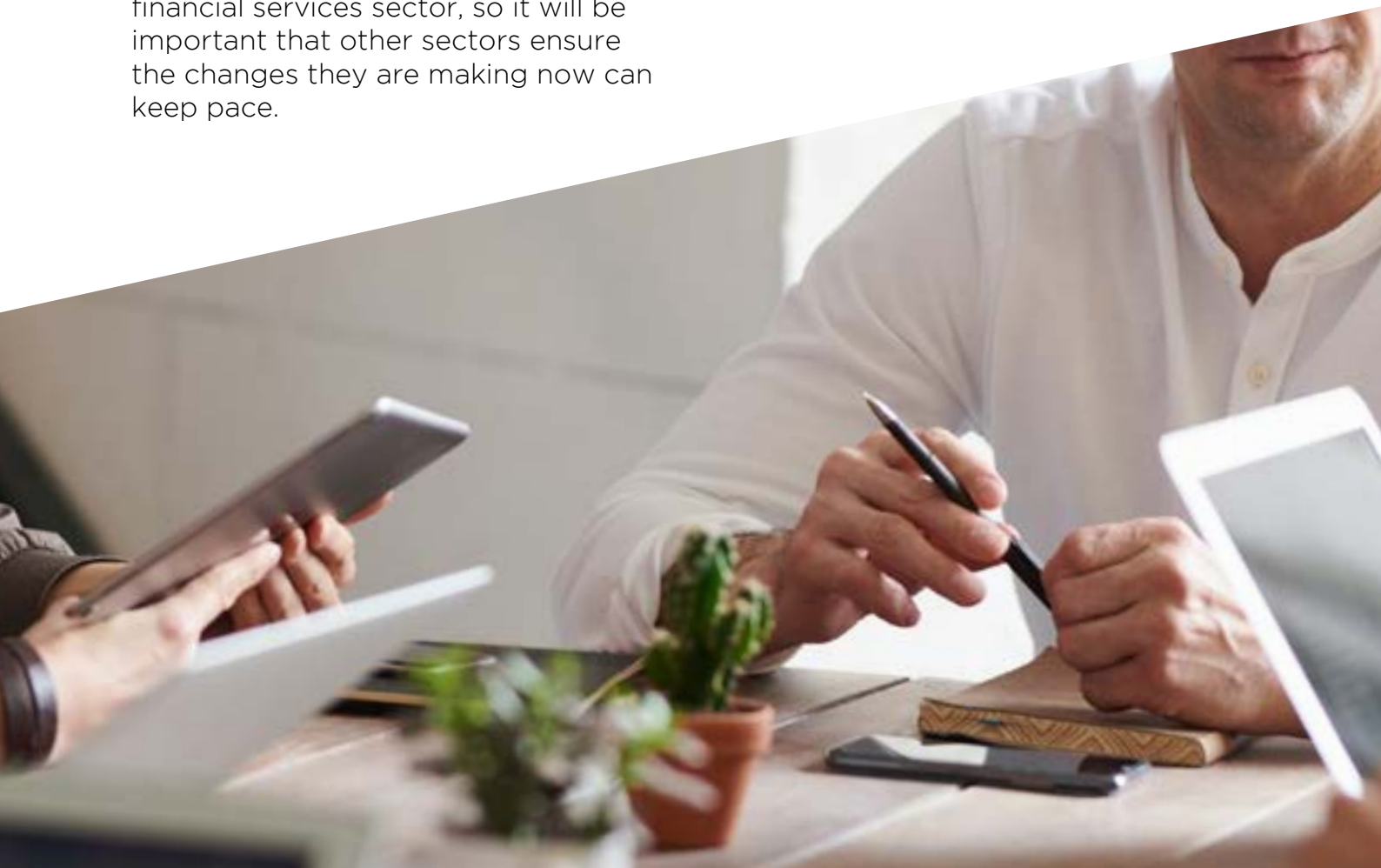
vulnerable customers are treated. Establishing these kinds of minimum standards on a far wider scale would, we hope, give the collections sector – both individual firms and as a collective – stronger leverage to challenge practices or requests that are not consistent with those standards.

## Striving for best practice

The collections sector may have been at the forefront of forbearance provision for customers in vulnerable circumstances and it may be well-positioned to support other sectors as they improve their own practices – but sectors cannot rest on their laurels and their practices must continue to mature and evolve. For example, the introduction of the FCA’s Consumer Duty is expected to result in improved practices in the financial services sector, so it will be important that other sectors ensure the changes they are making now can keep pace.

As far as the collections sector is concerned, it will need to begin thinking about what best practice will look like in the future; it will need to consider how the industry can respond to the ever-changing scale and nature of vulnerability; and it will need to explore how it can evolve its approach in an appropriate and measured way. And, in keeping with the focus of this paper, thought must also be given to how any changes to practices occur without further entrenching inconsistency.

As the industry trade body, we want to drive that conversation among our membership as we expect this topic to remain an area of focus in the coming months and years. We encourage members and interested parties to share their thinking around best practice with us, as outlined at the end of this paper.



## What might the future hold?

Zeroing in a little further on the subject of best practice – and in the interest of kickstarting the conversation on what the future may hold – we thought it could be useful to briefly contemplate some areas that may conceivably become focal points for vulnerability-related practices. Understanding the direction of best practice and exploring what is feasible and appropriate, and what is not, is a task best undertaken sooner rather than later, as it represents the best mitigation against further regulatory intervention, the frequency of which has escalated in recent years.

We hope to build on some of these initial thoughts with input from members and stakeholders and would encourage interested parties to develop the conversation further and get in touch with their thoughts.

### Improvements to signposting and information

As it stands, there are established expectations around signposting across a handful of different sectors – but in the future, we would expect to see further interrogation of the effectiveness of current approaches. For example:

- Is information being articulated in a way that is accessible and easily-intelligible?
- Are customers being signposted

to the most effective and relevant sources for their circumstances and their debt type?

- Is information being given an appropriate prominence in communications?
- Is it preferable to give a customer fewer options to avoid overburdening them with choice, or is it better that they have clarity on all possible sources of debt advice?

Many firms may already be exploring these questions, and the conclusions they reach may vary from sector to sector and firm to firm. But a broader conversation is perhaps on the horizon, one which will bring answers that steer us closer to some agreed practices.

### Dedicated internal vulnerability resource

There are already many organisations that have internal teams assigned specifically to providing support to vulnerable customers, although this is largely limited to those whose resources afford them the ability to do so. The question is, against a backdrop of increasing vulnerability, might the idea of having dedicated resource become a default expectation?

The changing scale and nature of vulnerability will unquestionably prompt firms to think about how they deploy their resources in

response. But our initial thinking is that dedicated resource is likely to remain an optional approach to vulnerability. It is clearly a great way to ensure vulnerable customers receive appropriate treatment, but there are some obvious question marks around whether this would in fact be a reasonable expectation of firms. For example, it seems incredibly unlikely that it would be feasible for all firms, as some may not have the capability of dedicating ringfenced resources specifically to vulnerable customers. Equally, some firms might prefer to adopt an approach whereby all frontline staff are equipped to support vulnerable customers, rather than diverting them to a specialist resource.

## Simplifying information sharing

The sharing of information relating to vulnerability seems like an area that would benefit enormously from additional exploration.

We have already noted that the centralisation of vulnerability information is a desirable, albeit challenging, approach to reducing the burden of notification placed on consumers. With additional research and innovation, we would hope to see a future that brings genuinely viable options to this area, options that are compliant, easy-to-use, and – most importantly – overcome the challenges identified in past efforts.

In the same ‘information sharing’ ballpark, although not directly linked to vulnerability, the provision of income and expenditure information could benefit from a solution that offers more consistency and simplicity for consumers.

It is worth noting here that we are not ignorant to the fact that there are solutions in the marketplace intended to simplify information sharing in these areas, but as each offers its own unique approach, and because their overall utility to creditors and consumers is often contingent on widespread adoption across markets of that particular solution, the challenge of consistency for the consumer remains. A ‘tell us once’ solution is only truly ‘tell us once’ if the key information is communicated to all of a consumer’s creditors.

Making direct sharing between sectors and organisations easier might limit the need for a centralised solution and could be worth some exploration, but such an approach comes with fairly clear data protection and information security risks concerns that would need to be addressed.

With the relentless pace of technological change and a more comprehensive understanding of the inherent challenges in this problem, we can perhaps have a modicum of optimism that a key innovation in this area is just around the corner.

## Staff support

The impact of vulnerability is, of course, not limited just to an organisation's customers; there can also be implications for employees.

We have long understood that employees can be severely affected or traumatised when confronted by difficult or aggressive customers, but there has been a growing understanding in recent years that staff can be just as affected by their interactions with vulnerable customers. Over time, there can also be a cumulative effect for staff members, bringing a risk of longer-term impact, where employees feel burned out or overwhelmed by the job. In addition to this, employees' own vulnerabilities may also need to be considered in the context of their role, particularly where certain conversations or circumstances may trigger a reaction in the employee.

The government's Debt Management Vulnerability Toolkit<sup>15</sup> does explore this side of vulnerability, but it would not be surprising to see a broader focus in terms of standards and practices in the future. Notably, the toolkit encourages support comes from all levels of an organisation, which may become a more prominent consideration when it comes to conversations about organisational culture.

When it comes to supporting staff, the toolkit also suggests firms ensure staff are adequately equipped to provide the necessary support to vulnerable customers, but also prepared for what to expect and how to manage it. Greater understanding of vulnerability has seen a corresponding increase in training opportunities on the topic, and these will inevitably continue to expand. There are always training improvements that can be offered to staff to enhance their understanding and approach to dealing with people with vulnerabilities, and it is worth firms of all sectors reviewing the array of courses and skills support available in relation to vulnerability.

## Actions and recommendations

We recognise that we are only scratching the surface on some of the issues firms face in providing consistent approaches to the treatment of customers. As the UK collection and purchase sector's trade association, we are committed to further work on this subject, both in understanding the challenges more comprehensively but also in determining what we can do to support members. With this in mind, we intend to pursue the actions listed below.

- **We will carry out further work with CSA members and key stakeholders to better understand the nature and extent of conflicts and challenges they face in providing consistent treatment to vulnerable customers.**
- **We will explore in more detail current and future best practice and consider incorporating identified options into the Code of Practice or supplementary guidance.**
- **We will continue to lobby for appropriate and proportionate cross-sector alignment in the treatment of vulnerable customers and, where possible, we will support members where they face conflicting expectations.**
- **We will continue to support growing awareness and education of vulnerability among frontline staff, building on work such as the Collector Learning Initiative module on vulnerability**

Given the cross-sector nature of the challenge, the collections and purchase sector cannot fix these issues alone. But we are confident that the relevant authorities are equipped to do more to support firms and consumers. We are therefore calling on government and regulators to lead the charge on improving the experiences of vulnerable customers across public and private sectors. In particular, we recommend that:

- **The UK Regulators Network (UKRN) should build on its recent letter on the rising cost of living and collaborate on overarching expectations of good practice in relation to identifying and responding to vulnerability.**
- **The UK government should take steps to both replicate such expectations of good practice within its own jurisdiction.**
- **The UK government and members of the UKRN should be clearer and firmer to firms or departments within their jurisdictions about the consequences for failure to provide appropriate treatment to vulnerable customers and should enforce those expectations accordingly.**
- **The UK government should conduct cross-sector research into solutions that could conceivably address the consumer burden of reporting / documenting vulnerability. Such research should specifically explore options that could simplify reporting without sacrificing the detail necessary to understand the implications and relevance of a given vulnerability.**

## Discussion

In the interest of expanding our thinking on all things vulnerability, we are keen to hear more from members and stakeholders about their experiences, especially with conflicting approaches to vulnerability. We hope that this paper and these discussion points can take the conversation forward. We are particularly interested in thoughts on the following topics:

- Where the most significant gaps between sectors exist in terms of the treatment of vulnerable customers and whether there is a legitimate basis for such gaps
- Whether measures being taken in other sectors are aligned with existing vulnerability standards or expectations, or whether they are creating further inconsistencies, and what could be done to minimise any resultant difficulties
- What the future holds for best practice and innovation in the treatment of vulnerable customers
- How can organisations improve their capabilities to proactively identify vulnerability
- What kind of approach should firms take to the self-identification of vulnerability, especially information or evidence is not supplied
- The appropriateness of seeking information or evidence to verify the legitimacy of a vulnerability and how this can be best achieved
- Whether there is in fact a need for centralisation of vulnerability information and the consequential questions such as who manages it, how it would work, and how it can overcome the many hurdles
- What can be done to help improve standards around the identification and treatment of vulnerable customers in smaller / more niche areas
- Whether there should be limitations in commercial collections when it comes to accessing vulnerability-related forbearance
- Whether more needs to be done to understand how different types of vulnerability can be of more relevance to different creditors (e.g. where a vulnerability is especially relevant to the product and the consequence of ceasing services would be particularly detrimental) and how those firms should effectively prioritise their response

Any feedback on these points can be shared directly in writing with the CSA's head of regulatory impact, Daniel Spenceley, at [daniel.spenceley@csa-uk.com](mailto:daniel.spenceley@csa-uk.com), or the CSA's head of membership and compliance, Claire Aynsley, at [claire.aynsley@csa-uk.com](mailto:claire.aynsley@csa-uk.com). We are also happy to schedule online or face-to-face conversations to discuss these issues in more detail.



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